

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250


Notice PF-162

For: State and County Offices

Processing FY 2001 MLA Payments and Overpayments

Approved by: Acting Deputy

Administrator, Farm Programs



1 Overview

A

Background

On August 13, 2001, the President enacted legislation which provides for emergency agricultural assistance. This legislation provides that:

- to the maximum extent practicable, CCC shall use \$4,622,240,000 to issue a market loss assistance payment to owners and producers on a farm that are eligible for a final payment for fiscal year 2001 under a production flexibility contract for the farm under the Agriculture Market Transition Act
- all expenditures required by this legislation shall be made not later than September 30, 2001
- any funds made available by this legislation and remaining unexpended by October 1, 2001, shall be deemed to be unexpendable
- the authority provided by this legislation to expend funds is rescinded October 1.

Notice PL-104 included instructions for running a query to assist in updating FY 2001 MLA payment limitation allocations.

Continued on the next page

Disposal Date

October 1, 2001

Distribution

State Offices; State Offices relay to County Offices

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1 Overview (Continued)

B

Purpose

This notice provides State and County Offices with:

- general information about:
 - issuing FY 2001 MLA payments
 - timing for issuing MLA payments
 - a projected software release schedule
 - information and instructions for issuing FY 2001 MLA payments
 - instructions for canceling FY 2001 MLA payments
 - instructions for computing and transferring FY 2001 MLA overpayments to CRS
 - instructions for printing the FY 2001 MLA PPH
 - information about and instructions for printing CCC-478E.
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In This Notice

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2 General Provisions for MLA Payments

A Payment Information

FY 2001 MLA payments shall be:

- issued to producers who are eligible for FY 2001 final PFC payments

Note: No further action is required by eligible producers before issuing MLA payments.

- computed using payment rates to be determined
 - reduced for:
 - FAV acre-for-acre payment reductions
 - payment limitation
 - issued by September 30, 2001.
-

B Determining Eligible Producers

MLA payments shall be issued to producers who are eligible for FY 2001 **final** PFC payments. The MLA payment process is designed to read the FY 2001 CCC-478 worksheet file to determine the payment shares for producers earning the final PFC payment.

In some cases, information provided by producers requesting LDP's has indicated that PFC payment shares may not be correct. For PFC **and** MLA payment purposes, COC's must determine in questionable cases who met the definition of a producer on contract acreage for FY 2001.

Note: Depending on the crops grown in the area, producers may have left the farm before September 30 and still have met the definition of a producer in 1-PF, subparagraph 250 B.

Under no circumstance can a producer be added to PFC for FY 2001 after August 1, 2001. Signature requirements must be met on FY 2001 contracts according to 1-PF. If producer eligibility is questionable on a contract for FY 2001, do **not** issue the FY 2001 MLA payment until COC has determined producer eligibility for the farm. This determination must be made timely enough to issue MLA payments if applicable. Producers who erroneously received an FY 2001 PFC payment shall not be issued an MLA payment. County Offices shall remove the COC payment approval date on any contract in which producer eligibility, as described in this subparagraph, is in question.

Continued on the next page

2 General Provisions for MLA Payments (Continued)

C

Successions-in-Interest

In previous years, many questions arose about PFC successions-in-interest and how to handle the MLA payment.

The MLA payment process is designed to read the FY 2001 CCC-478 worksheet file at the time the MLA payment is processed to determine who the MLA payment will be issued to and that producer's payment share. The CCC-478 automated worksheet file should accurately reflect all successions-in-interest that occurred for FY 2001 before final PFC or MLA payments are issued.

D

Ensuring That Payments Are Issued Timely

As with PFC payments, SED's:

- are responsible for:
 - providing oversight and guidance
 - ensuring that PFC and MLA payments are issued timely
- **shall take all steps necessary to ensure that FY 2001 final PFC and MLA payments are issued by September 30, 2001, to be in compliance with applicable statutes.**

Recommendation: State Offices may want to review CCC-478B/CCC-478 Status Reports, pending payment registers, and nonpayment registers to ensure that payments are processed timely.

Because spending and authorities are rescinded October 1, no reserve will be held for appeals, corrections, or any other purpose.

E

Using FSA-325

If FSA-325 has been executed for the FY 2001 final PFC payment so that the payment can be issued to another payee, the same FSA-325 shall be used for the FY 2001 MLA payment.

Note: In these cases, the payment is actually issued to the producer ID number on CCC-478 even though the payee is the individual identified on FSA-325.

Continued on the next page

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2 General Provisions for MLA Payments (Continued)

F

Payment Eligibility Rules

Final PFC payment eligibility rules apply to MLA payments. See 2-PF, subparagraph 16 C for a description of the eligible and ineligible flag values.

Note: A prepayment register is not being developed for the MLA payment process. Therefore, County Offices shall process payments in the normal manner and use the nonpayment register to identify producers that cannot be paid because of eligibility conditions.

G

Offsetting MLA Payments

FSA and/or CCC debts **shall** be offset from MLA payments according to existing FI procedure.

Exceptions: FAV planting violations and 1995 overpayments:

- shall **not** be offset from MLA payments
 - can only be offset from PFC payments according to statute.
-

H

Assignments and Joint Payments

County Offices shall:

- ensure that assignments and joint payments are established before issuing FY 2001 MLA payments
 - use program code “01MLA” to record assignments and joint payments
 - follow the provisions of 67-FI, paragraph:
 - 111 to establish FY 2001 MLA CCC-36’s and CCC-37’s
 - 131 to correct FY 2001 CCC-36’s.
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Future Directive

A PF notice will be issued on or about August 13, 2001, that announces the FY 2001 MLA payment rates.

3 Projected Software Release Schedule

A

Software Release Schedule

Because of the statutory requirement that all FY 2001 MLA payments be issued by September 30, 2001, necessary resources have been dedicated to ensure that all software processes are in place for County Offices as soon as possible.

This table includes the release schedule for the various processes affecting the FY 2001 MLA payment process.

Note: The release dates included in this table are projected.

Process	Method of Release	Projected Arrival Date
Payment Limitation Allocations	Download	July 24, 2001
FAV Acre-for-Acre Payment Reduction Process for MLA Payments	County Release No. 465-S	August 10, 2001
MLA Regular Payment Processing		
MLA Payment Cancellation		
PPH Print and Report Options		
Assignment/Joint Payment Software		
MLA Payment Rates	Download	August 13, 2001
MLA Overpayment Processing	County Release No. 467	September 7, 2001
Menu Permanently Disabling MLA Regular Payment Processing	County Release No. 469	October 1, 2001

4 FY 2001 MLA Payment Software

A

Provisions of the Emergency Legislation

The emergency agricultural assistance legislation provides that FY 2001 MLA payments shall be issued **not later than September 30, 2001**.

B

Locking Out Payment Processing

The language in the emergency agricultural assistance legislation does not provide FSA with any discretionary authority to issue FY 2001 MLA payments after September 30, 2001. As a result, the FY 2001 regular payment process will be disabled on the earlier of the following:

- October 1, 2001
 - when County Release No. 469 is installed.
-

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Timing for Issuing Payments

The MLA payment process software will be included in County Release No. 465-S to arrive in County Offices by August 10, 2001.

It is anticipated that the payment rates will be downloaded to County Offices on or about August 13, 2001.

County Offices shall immediately:

- install County Release No. 465-S
- begin processing MLA payments once the payment rates are available.

All MLA payments shall be issued to eligible FY 2001 PFC producers **before September 30, 2001**.

Note: Producers cannot elect to defer this payment.

Continued on the next page

4 FY 2001 MLA Payment Software (Continued)

D

**Prerequisites for
Issuing MLA
Payments**

Before processing MLA payments, County Offices shall ensure that **all** the following have been completed.

- All CCC-478's have been updated properly in the system.
- Assignments and joint payments data is loaded in the system
- MLA payment limitation allocations have been downloaded and adjusted according to Notice PL-104.
- FAV acre-for-acre payment reductions have been computed.

Notes: If the MLA payment process is accessed and the FAV acre-for-acre payment reductions have not been computed, the message, "Market Loss Assistance Payments cannot be issued until the 2001 MLA payment reductions have been computed.", will be displayed.

This step is not necessary for County Offices that did not have any FY 2001 FAV acre-for-acre payment reductions.

- **All** FY 1996, 1997, 1998, 1999, 2000, or 2001 PFC overpayments that have been verified as legitimate debts to CCC shall be transferred to CRS before issuing FY 2001 MLA payments.
 - **All** FY 1998, 1999, or 2000 MLA overpayments that have been verified as legitimate debts to CCC shall be transferred to CRS before issuing FY 2001 MLA payments.
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5 Accessing MLA Payment Processing Options

A

Introduction

The software developed to issue FY 2001 MLA payments functions similar to the PFC payment software.

Exception: FY 2001 MLA payment software only provides options to print the PPH and CCC-478E reports.

B

Accessing

Menu MGCSD0

Access the MLA payment process from Menu FAX250 according to this table.

Step	Menu or Screen	Action
1	FAX250	ENTER "3" or "4", "Application Processing".
2	FAX09002	Menu FAX09002 will be displayed if option 4 was selected on Menu FAX250. Select the appropriate county to continue to Menu FAX07001.
3	FAX07001	ENTER "11", "PFC/Compliance".
4	M00000	ENTER "4", "Production Flexibility Program".
5	MGYEAR	ENTER "7", "2001 Program Year".
6	MGC000	ENTER "3", "Market Loss Assistance Payment Processing".
7	MGCSD0	Menu MGCSD0 is the main menu for the MLA payment processing options.
		IF the user wants to...
		THEN on Menu MGCSD0, ENTER...
		access options to:
		<ul style="list-style-type: none"> print an individual PPH batch print PPH's for all farms or producers print CCC-478E
		<ul style="list-style-type: none"> issue payments cancel a payable continue a suspended payment batch
		process MLA overpayments
		"1", "MLA Reports".
		Note: See paragraphs 9 and 10 for additional information on the PPH and CCC-478E.
		"2", "MLA Payment Processing".
		"3", "MLA Overpayment Processing".

6 Processing MLA Payments

A

Issuing MLA Payments

Follow the procedure in this table to issue MLA payments.

Step	Action	Result
1	Access Menu MGCSD0 according to subparagraph 5 B.	
2	On Menu MGCSD0, ENTER "2", "MLA Payment Processing".	Menu MGCSD1 will be displayed.
3	On Menu MGCSD1, to process MLA payments: <ul style="list-style-type: none"> ENTER "1", "Regular Payment Processing -- Compute and Issue Payments" PRESS "Enter". 	Screen MGCLPRT2 will be displayed.
4	Select the printer where the pending payment and nonpayment registers should be queued.	Screen MGCLAA01 will be displayed.
5	Like the process used in PFC payment processing, Screen MGCLAA01 allows County Offices to process payments in a variety of ways. County Offices can process MLA payments: <ul style="list-style-type: none"> by farm by producer for a range of farms randomly, by selected farms for all farms. 	After the farm, farms, or producer to be processed have been selected, Screen MGCLAF05 will be displayed.
6	Screen MGCLAF05 will be displayed with the current system date. The date displayed on Screen MGCLAF05 can be changed to a later date, but cannot be: <ul style="list-style-type: none"> more than 14 calendar days after the system date a date later than September 30, 2001. Change the date or PRESS "Enter" to continue with the payment process.	All farms selected with a COC payment approval date for FY 2001 will be processed.
7	Follow 2-PF, Part 4 to complete the payment process.	

B

Suspended Payment Batches

The PFC and MLA payment processes are designed to prevent multiple payment processes from continuing if a batch of payments has been suspended. Therefore, County Offices must complete suspended batches before continuing with another batch. This applies even if the FY and/or programs selected for multiple payment batches are different.

Example: County Office suspends a batch of FY 2001 PFC payments. FY 2001 MLA payments cannot be processed until the FY 2001 PFC payment batch is completed.

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7 Canceling MLA Payments

A

When to Cancel Payment

The provisions for canceling PFC payments also apply to canceling MLA payments. County Offices shall follow 2-PF, paragraph 171 to determine whether an MLA payment should be canceled through the MLA payment process or the accounting process.

Reminder: MLA payments shall not be canceled through the MLA payment process if the payment has been issued to the producer. This includes situations where:

- CCC-184 has been mailed to the producer
 - EFT has been transmitted to KCFO for processing.
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B

Canceling MLA Payables Through MLA Payment Process

If it is determined that the payment was generated erroneously, **and CCC-184 is available in the County Office or EFT has not been transmitted**, County Offices shall follow the procedure in this table to cancel MLA payables.

Step	Action	Result
1	Access Menu MGCS00 according to subparagraph 5 B.	
2	On Menu MGCS00, ENTER "2", "MLA Payment Processing".	Menu MGCS01 will be displayed.
3	Menu MGCS01 provides the MLA payment processing options. On Menu MGCS01: <ul style="list-style-type: none">• ENTER "3", "Special Payment Processing -- Cancel Payable"• PRESS "Enter".	Screen MGCLC001 will be displayed.
4	Information Screen MGCLC001 advises County Offices that payments should not be canceled through this process unless the payment is available. If the payable is available , PRESS "Enter" to continue the cancellation process.	Screen MGCLAB01 will be displayed.
5	Like the process used in PFC payment processing, Screen MGCLAB01 requires County Offices to enter specific data about the payable being canceled. On Screen MGCLAB01: <ul style="list-style-type: none">• enter the following data:<ul style="list-style-type: none">• farm number on which the payment was issued• producer's last name or the last 4 digits of the producer's ID number• PRESS "Enter".	Screen MGCLR001 will be displayed.
6	For the remainder of the cancellation procedure, follow 2-PF, subparagraph 172 B starting with step 5.	

8 Processing MLA Overpayments

A

Overpayment Processing

The software that was developed for FY 2001 MLA overpayments functions similar to the PFC overpayment software. However, the MLA overpayment process is separate from the PFC overpayment process.

Example: If a producer received PFC and MLA payments and it is later determined that the producer's share on CCC-478 was not correct, CCC-478 should be updated in the automated system accordingly. To determine the overpayment amounts, County Offices must run the overpayment according to:

- 2-PF, Part 8 for the PFC payment
- this notice for the FY 2001 MLA payment.

B

Accessing MLA Overpayment Process

Access the FY 2001 MLA overpayment processing options according to this table.

Step	Action		
1	Access Menu MGCS0 according to subparagraph 5 B.		
2	Menu MGCS0 is the main menu for MLA payment processing options. <ul style="list-style-type: none"> • ENTER "3", "MLA Overpayment Processing". • PRESS "Enter". 		
3	Menu MGCSR0 is the main menu for MLA overpayment processing options.		
	IF the user wants to...	THEN, on Menu MGCSR0...	Result
	<ul style="list-style-type: none"> • compute overpayments • print the overpayment register • transfer overpayments to CRS • continue a suspended overpayment batch 	ENTER "1", "Process Overpayments".	Menu MGCSR1 will be displayed.
	cancel an overpayment that has been transferred to CRS	ENTER "2", "Cancel Overpayments".	Screen MGCLAA02 will be displayed.

Continued on the next page

8 Processing MLA Overpayments (Continued)

C

Computing Overpayments

County Offices shall compute MLA overpayments every **60 calendar days** for all program years that are enabled to ensure that:

- producers are notified of overpayments in a timely manner
- the finality rule will not apply.

On Menu MGCSR1, ENTER “1”, “Compute Overpayments”, to calculate MLA overpayments by:

- a specific farm
- a range of farms
- all farms
- selected farms.

Note: The system will force an “**all farms**” overpayment process if MLA overpayments have not been computed in the last 60 calendar days.

Reminder: The MLA overpayment process is separate from the PFC overpayment process. County Offices shall run both processes in determining FY 2001 overpayments.

D

Overpayment Register

Once MLA overpayments are computed, the overpayment register will automatically be sent to the selected printer.

Note: County Offices can reprint the overpayment register by accessing option 2, “Reprint Overpayment Register”, on Menu MGCSR1.

The messages on the MLA overpayment register are exactly like those that print on the PFC overpayment register. See 2-PF, subparagraph 141 H for an explanation of overpayment register messages.

Continued on the next page

8 Processing MLA Overpayments (Continued)

E

Erroneous Overpayments

If it is determined that a producer is erroneously listed as overpaid, County Offices shall take action to immediately correct the condition causing the producer to be listed as overpaid.

F

Transferring Overpayment Amounts to CRS

Once MLA overpayment amounts are verified as legitimate debts, County Offices shall transfer overpayments to CRS by accessing option 3, “Select and Transfer Overpayments to CRS”, on Menu MGCSR1.

The process to transfer MLA overpayments to CRS is similar to that used in the PFC application. See 2-PF, paragraphs 224 through 228 for additional information about transferring overpayments to CRS.

G

Canceling Overpayments

If it is discovered that an MLA overpayment has been transferred to CRS erroneously, the overpayment shall be canceled by accessing option 2, “Cancel Overpayments”, on Menu MGCSR0.

Note: Overpayments cannot be canceled until subsequent transactions, such as collections applied to the receivable, have been canceled in CRS. See 67-FI.

The process to cancel MLA overpayments is similar to that used in the PFC application. See 2-PF, paragraph 229 for additional information about canceling overpayments.

G

DD Review

As with PFC payments, DD’s shall review MLA overpayment registers to ensure that County Offices are:

- running the overpayment process in a timely manner for all program years
 - collecting overpayments in a timely manner
 - correcting information in the system so producers are not erroneously listed as overpaid.
-

9 MLA Payment History Print

A

Introduction

The PPH report is a tool provided to County Offices to assist with payment reconciliation efforts. The PPH report contains information about:

- payments issued
- payments canceled
- receivables established
- payment reductions that have been applied to the payment.

The following reports are available to be printed:

- individual, entity, or member, which may be printed by selecting the last name or ID number, as applicable
- joint operation, which may be printed by selecting the joint operation name or ID number
- farm, which may be printed by selecting a single farm, range of farms, all farms, or randomly selected farms.

Continued on the next page

9 MLA Payment History Print (Continued)

B

Printing PPH Reports

Follow the procedure in this table to print PPH reports.

Step	Action		Result
1	Access Menu MGCSD0 according to subparagraph 5 B.		
2	On Menu MGCSD0, ENTER "1", "MLA Reports".		Menu MGCSJ0 will be displayed.
3	Menu MGCSJ0 provides County Offices with 3 PPH report options.		
	IF County Offices want to...	THEN, on Menu MGCSJ0...	
	print PPH for: <ul style="list-style-type: none"> a specific farm or producer a range of farms randomly selected farms 	<ul style="list-style-type: none"> ENTER "1", "Print Payment History" PRESS "Enter". 	Screen MGCLPRT2 will be displayed.
	batch print PPH for all farms in farm number order	<ul style="list-style-type: none"> ENTER "2", "Batch Print All Farms" PRESS "Enter". 	
	batch print PPH for all producers in alphabetical order	<ul style="list-style-type: none"> ENTER "3", "Batch Print All Producers" PRESS "Enter". 	
4	Select the printer where PPH should be queued.		<ul style="list-style-type: none"> Screen MGCLPH01 will be displayed if option 1 was selected on Menu MGCSJ0. Menu MGCSJ0 will be redisplayed after the report is sent to the print queue if options 2 or 3 was selected on Menu MGCSJ0.
5	Like the process used in PFC PPH print processing, Screen MGCLPH01 allows County Offices to print PPH in a variety of ways. County Offices can process MLA PPH's: <ul style="list-style-type: none"> by farm by producer for a range of farms randomly, by selected farms for all farms. 		Screen MGCLPH01 will be redisplayed after the report is sent to the print queue.

10 MLA CCC-478E, Producer Earnings Report

A

Introduction

CCC-478E is a report developed to assist County Offices with reconciling payment information. The report was actually developed for PFC payment processing, but has also been incorporated for the MLA payment process.

B

Information On CCC-478E

CCC-478E provides calculated payment information for each:

- producer on the PFC and/or payment history file
- member of joint operations.

CCC-478E also provides actual payment information, such as:

- payments issued
- FAV acre-for-acre payment reductions
- receivables established
- calculated over or under payment amounts.

Each CCC-478E:

- is producer/member and farm specific
- contains all the crop and payment data for the applicable producer/member and farm.

Example: Producer A has a share in 4 crops on FSN 2001, but also has an interest in FSN 2002, 2003, 2004, and 2005. If CCC-478E is printed for Producer A, then five CCC-478E's will be printed. Each one will contain the crop information for that applicable contract.

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10 MLA CCC-478E, Producer Earnings Report (Continued)

B

Information On The following information is printed on CCC-478E.
CCC-478E
(Continued)

Section	Field	Description
Header Area	Producer	Producer name, ID number, and address
	Farm Number	
	Farm Contract Acres	Total contract acreage for participating crops on the selected farm.
Contract/ Producer Information	CCC-478 Status	<p>Reads the CCC-478 worksheet file to determine whether the contract is:</p> <ul style="list-style-type: none"> • approved • not approved.
	Combined Producer	Indicates whether the selected producer is combined with any other producers for FY 2001.
	Multi-County Producer	Indicates whether the selected producer is multi-county for FY 2001.
	Payment Limitation Allocation	<p>FY 2001 MLA payment limitation allocation applicable for the producer. For:</p> <ul style="list-style-type: none"> • multi-county and combined producers, the amount is determined by the allocation on the payment limitation file • producers that are not multi-county, the amount is \$40,000. <p>Note: Since joint operations and exempt entities do not have a payment limitation, an amount will not be printed in this field for these producers.</p>

Continued on the next page

10 MLA CCC-478E, Producer Earnings Report (Continued)

B
Information On
CCC-478E
(Continued)

Section	Field	Description
Payment Information	Calculated MLA Payment	<p>Calculated payment amount for the applicable crop. The amount is determined by multiplying the following:</p> <ul style="list-style-type: none"> • payment acres • payment yield • producer share • member share, if applicable • permitted share • cropland factor • payment rate. <p>Note: These variables are printed in the “Contract/Producer Information” section of the report.</p> <p>Reminder: The calculated payment for joint operations is not a chain calculation. It is the result of adding the amounts for all members.</p>
	Payments Issued	Total payments issued for the applicable crop. This amount does not include payments that have been canceled.
	MLA Reduction	Total reductions recorded on the payment history file for FAV acre-for-acre payment reductions.
	Receivables Established	Total receivables established for the applicable producer/crop. This amount does not include canceled receivables.
	Over/Under Payment	<p>Amount the producer is over or under paid on the applicable crop. This amount is determined by subtracting the following from the “Calculated MLA Payment”:</p> <ul style="list-style-type: none"> • payments issued • MLA reductions • receivables established.

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10 MLA CCC-478E, Producer Earnings Report (Continued)

C

**Printing
CCC-478E**

Follow the procedure in this table to print CCC-478E.

Step	Action		Result
1	Access Menu MGCSD0 according to subparagraph 5 B.		
2	On Menu MGCSD0, ENTER "1", "MLA Reports".		Menu MGCSJ0 will be displayed.
3	<ul style="list-style-type: none"> ENTER "4", "Producer Earnings Report" PRESS "Enter. 		Screen MGCLPRT2 will be displayed.
4	Select the printer where CCC-478E should be queued.		Screen MGCLEA01 will be displayed.
5	Screen MGCLEA01 allows County Offices to select the format for printing CCC-478E.		
	IF the print is generated for...	THEN CCC-478E will print for...	
	<ul style="list-style-type: none"> a specific farm number "ALL" farms a range of farms randomly selected farms 	<ul style="list-style-type: none"> each producer on the selected farms with a CCC-478 share greater than zero each member of a joint operation. 	Screen MGCLEA01 will be redisplayed after the report is sent to the print queue.
	producer	<ul style="list-style-type: none"> each farm in which the producer has a CCC-478 share greater than zero each member, if the producer is a joint operation. 	